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**Government & Politics****Monday, October 27, 2008****People's Settlement future up in air****Social service agency faces two state investigations, many other problems**

BY ADAM TAYLOR • THE NEWS JOURNAL • OCTOBER 25, 2008

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WILMINGTON -- People's Settlement, a social service agency that has been serving poor residents on the city's East Side for more than a century, is in danger of closing its doors.

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The agency is under investigation by the state auditor's and attorney general's offices. Major funding sources have been drying up. A \$400,000 [loan](#) had to be taken out on its building. And back taxes are owed to the federal and state governments, although the amounts are in dispute.

There is a civil war on the board as well: Some members are aligned with 13-year executive director Keith Lake, while others want him ousted.

Auditor's Office executive assistant Nick Adams said his agency is conducting two investigations. One is an audit, a draft of which is expected to be given to the board Monday.

The other is in conjunction with the [Attorney General's](#) Office, where "we're looking at issues that are potentially criminal in nature," Adams said.

Lake said the attacks against him are political, and the agency is caught in the middle.

On Oct. 16, state Rep. Dennis P. Williams, D-Wilmington North, City Council members Charles Potter Jr. and Stephanie T. Bolden and New Castle County Councilman Jea P. Street sent a letter to Chief Deputy Attorney General Richard Gebelein, asking for the probe. Board members had made allegations to them that include "mismanagement, missing [money](#) and other potentially criminal activities," the letter said.

The auditor's office recommended that the state inspector general halt state Grant-in-Aid payments to the agency because a preliminary audit finding is that it is behind in paying state [taxes](#), Adams said. Delaware Controller General Russell T. Larson said Friday that the payments have been halted.

People's Settlement lost all of its funding from United Way of Delaware on June 30. The agency had received \$176,000 the year before, United Way president and CEO Michelle Taylor said.

The money was stopped, Taylor said, because People's Settlement's auditors couldn't vouch for the agency's fiscal health and United Way's longstanding worries about the agency's [financial](#) condition.

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Taylor said United Way might fund People's Settlement if improvements are made. In the meantime, United Way is looking for a group to give the money once earmarked for People's Settlement to another agency on the East Side, so residents there can still get the help they need.

At an emergency board meeting Thursday night, city councilwoman Hanifa Shabazz said she is eagerly awaiting the findings of both state investigations.

"If those probes show that there was mismanagement or worse, then People's Settlement needs a new executive director and a whole new board so we can start from scratch," she said.

Bolden suggested putting the agency into some sort of receivership, so funders could give money with confidence and the agency could keep working.

Adams, from the auditor's office, and Tim Mullaney, director of the attorney general's [Fraud](#) and Consumer Protection Division, were at the meeting Thursday as observers.

"We thought we should be there because things there had become such a mess and turned into such a cluster," Adams said.

Councilwoman Shabazz said People's Settlement has lost its luster and doesn't offer as many services as similar agencies, such as Neighborhood [House](#), Latin American Community Center, West End Neighborhood House, Kingswood Community Center, PAL Center, Hilltop Lutheran Neighborhood Center and William "Hicks" Anderson Community Center.

Resident Mark Brunswick, a former People's Settlement employee, agrees, saying People's Settlement should also be a safe haven and beacon of hope that others provide throughout the city.

"It should be open until 8 or 9 p.m. every night," he said. "That's especially important on the East Side."

Lake said Potter, a former People's Settlement board member, began attacking him because Lake supported state Sen. Harris McDowell, D-Wilmington North, when Potter tried to unseat the senator. Potter said his critiques of Lake began before he sought state office.

Lake also thinks the auditor's office is pressing the issue because Auditor Tom Wagner is supporting Republican John F. Brady for insurance commissioner. Democratic insurance commissioner candidate Karen Weldin Stewart serves on the People's Settlement board.

"All these dirty political agendas are tied together, and a great agency is being attacked because of them," Lake said.

Adams said politics aren't why the audit is being conducted.

"We're there to look at the allegations, find the truth, then we're out of there," he said.

Potter denied Lake's allegations about revenge.

"This has always been about making sure the East Side residents get the services they deserve," he said.

Lake said he expects to survive the controversy. The agency has an annual budget of \$1.2 million and employs 26 people. It provides day care, energy assistance and a host of other programs.

Lake said there is still enough money to operate, and said the funding cuts have more to do with a struggling national economy than about worries about the agency's competence.

Board member Sam Lathem said he's not so sure about that. He is waiting for the state probes to give him a clearer picture of the agency's status.

"There's a very good possibility there is no money coming in," Lathem said. "The board is broken up and there is lots of hearsay and innuendo. I want to see the audit and base my decision about what we have to do to tighten the ship on that."

Yvonne Brown is the board president, but her term ends Tuesday. She is hoping to get the audit report Monday, and hold an emergency meeting that night.

"I hope for the good of the people the agency serves that the report gives us the votes to fire Keith Lake and hire a replacement," she said.

**Contact Adam Taylor at 324-2787 or [ataylor@delawareonline.com](mailto:ataylor@delawareonline.com).**

### In your voice

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**hystericpreserve** wrote:

The most important issue is to serve the poor, the homeless, and the hungry. Politics seem to be preventing that throughout Delaware -- and the US. WE have spent billions to nominate a President, when that money could have been spent on strengthening our educational system, feeding the poor, housing the homeless, and strengthening our economy, environment and infrastructure.

Non - Profit boards take an unfair beating in public. If you do not serve on one, then you have absolutely no right to criticize their action.

United Way takes 11% off the top of every donation, and has the highest ratios of administrative overhead in Delaware. Yet, they cut \$178,000 in funding in one year to this agency? Do you know your United Way donation takes 1.5 - 2 years to REACH the designated agency? TALK about abuse.

If we are going to start looking into politics and corruption, we do not have far to go.

Nice Story Adam Taylor. Fair, unbiased, sound.

10/25/2008 6:12:51 PM

[Recommend](#)[New post](#)[Reply to this Post](#)[Report Abuse](#)**hughaterhelpho3z** wrote:

Since they want to investigate...How bout they go to Rosehill Community Cntr and take a look at their books! Debbie Duebert gets so many grants & does NOTHING for the community! She got a 25,000 grant for the Dunleith pool but yet charged the community to swim. She shut down the daycare a few years ago, stating that she wasn't making any money. She is buying houses in Simonds Garden stating that she wants to help a family buy their first house but sells it to them at top dollar. Who gets the profit? My thought is that it goes to the 2 or 3 houses she had built for herself in the last say 10 years. & How does that HELP the community? There are a lot of low income residents in need of a little help. Can they get a clothes/ food closet or oil assistant program? Is that not what a community center does? A few years ago Super Fresh donated turkeys to the cntr & she gave them out in Holloway Terrece only. Why? Why is this center CLOSED on WEEKENDS when some kids need a safe place to go?

10/25/2008 2:50:51 PM

[Recommend \(2\)](#)[New post](#)[Reply to this Post](#)[Report Abuse](#)**spktrthtopower** wrote:

Humble: don't worry we will not let PSA go down the tubes! Community leaders and the public will never let that happen. The services will be restored as soon as the current Ex. Director has been terminated. This agency is a great asset to the community, and programs/services must be expanded. We want it open later in the evening to accomodate all those adults/teens who need a "safe, protected environment" to recreate and learn. Services will be restored as soon as Mr. Lake resigns or is terminated.

10/25/2008 12:47:12 PM

[Recommend](#)[New post](#)[Reply to this Post](#)[Report Abuse](#)**spktrthtopower** wrote:

Willing and the obstructionists board were on the board to assure the funding to protect the agency. They were in complete denial of the facts, believed the lies of Lake and now want to blame the Auditor??? You have got to be kidding! The facts were presented to you over and over and you refused to even look into these matters. You obstructionists violated your position as board members to protect and for that you should immediately resign. The AG's office is still investigating and were present at the meeting on Thursday. If Keith Lake or YOU, cared anything about the agency he /you should resign. Didn't reflag goes up when the funding agencies refused to fund unless and until Lake was terminated? You knew that. Don't try to "paint" over the facts. As the Auditor has ended all funding on Friday...are you still in denial that something was wrong. Perhaps you are easily deceived. Elected officials/public saw the facts on Tuesday you obstructionists hid! Insubordination is the problem.

10/25/2008 12:41:07 PM

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